

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: April 30, 2007 **Bill Number:** H.B. 3762

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Committee Requesting Impact: Senate Finance Committee

Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 6-1-155 so as to establish an account in the State Treasury consisting of sales and use tax revenues attributable to the deletion of an exemption and to provide that this revenue must be distributed upon application to coastal municipalities and counties and used to maintain salt water quality in SAA waters near channels used by ships in intercoastal trade and foreign commerce; and to amend Section 12-36-2120, as amended, relating to sales and use tax exemptions, so as to delete the exemption for fuel, lubricants, and supplies used on ships in intercoastal trade or foreign commerce.

REVENUE IMPACT ^{1/}

This bill is not expected to have an impact of General Fund revenue in FY2007-08.

Explanation

This bill would amend Section 12-36-2120(13) by deleting the sales and use tax on fuel, lubricants, and supplies for use or consumption aboard ships in intercoastal trade or foreign commerce in its entirety. The deletion of this section would increase revenue by an estimated \$683,040 in FY2007-08. This bill would also add Section 6-1-155 to create a special segregated account within the State Treasury to accept the revenue from the former sales and use tax revenue exemption that was eliminated above. Coastal counties and municipalities may submit an application for these designated proceeds to help maintain salt water quality in SAA waters near channels used for intercoastal trade and foreign commerce. This bill would allow for the sales taxation of fuel, lubricants and supplies used aboard ships in intercoastal trade or foreign commerce, and redirect those funds from the General Fund to a segregated account within the State Treasury and then transfer those funds to coastal counties and municipalities. Since the General Fund was not collecting this revenue because of the sales and use tax exemption, this bill, therefore, would not affect General Fund sales and use tax revenue collections in FY2007-08.

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.